

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

**REMARKS**

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Claims 1 - 33 are pending in the application. Claims 24, 26 - 29, and 31 are currently amended; claims 1, 25, and 30 were previously presented; and claims 2 - 21, 23, 32, and 33 remain unchanged from the original versions thereof. Claims 1, 22, 25, 30, 32, and 33 are the independent claims herein.

No new matter has been added to the application as a result of the present Response. Reconsideration and further examination are respectfully requested.

**Claim Objections**

Claims 24, 26 - 29, and 31 are currently amended to overcome the noted objections thereto. In particular, the typographical errors noted by the Examiner have been addressed by the currently submitted claim amendments.

Applicant therefore respectfully requests the reconsideration and withdrawal of the objections to claims 24, 26 - 29, and 31.

With regards to the objection of the Specification, Applicant respectfully urges the Examiner to review the Response to Non-Final Office Action dated January 13, 2006 (received by the Office January 17, 2006 as indicated in PAIR) wherein Applicant amended the Abstract to remove the "legal word 'means' in claim 1" that was deemed objectionable by the Examiner. Therefore, it is clear from the record that Applicant has amended the Abstract to overcome the objection thereof.

Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the objection to the Specification.

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

**Claim Rejections – 35 USC § 103(a)**

Claims 1 – 12, 14, 20, and 21 – 24 were rejected under 35 USC 103(a) as being disclosed by Birle Jr. et. (hereinafter, Birle) in view of Barron's Dictionary of Finance (hereinafter, Barron's). This rejection is respectfully traversed.

Each of Applicant's Independent claims 1, 22, 25, 30, 32, and 33 relate to a hybrid financial product. For example, the method of claim 1 includes, inter alia, creating a forward contract having a contract term extending from an issue date of said unit to a settlement date; creating a note securing obligations of said holder under said forward contract; and issuing, using a processor, the forward contract and the note as a unit. Claim 33 also claims the unit as including said forward contract and said note. Claims 22 and 32 claim the unit as a forward contract and a contingent convertible debt instrument. Claim 25 claims the unit as a purchase contract and a note. Claim 30 claims the unit as forward contract and a convertible debt instrument. Thus, it is clear that the claimed unit in each of Applicant's independent claims specifically includes two different types of securities.

The financial terms recited in Applicant's claims and Specification have specific meanings in the relevant arts of finance and securities. As such, Applicant has exercised care to use financial terms such as, for example, forward contract, convertible note, contingent conversion, bond, etc. in a consistent manner. (See Applicant's Specification paragraphs [0017] – [0027]) Furthermore, the finance and securities terms recited in the claims are further defined and used in a manner consistent with the description of same in the Specification.

Contrary to Applicant's clear and unambiguous claim language, the Examiner continues to use financial terms such as "bonds", "convertible bonds", and "securities" in general as though such terms are not terms of art having specific meanings in the relevant fields of, for example, finance and securities. For example, the Examiner responds to Applicant's previously filed Response and Amendment that "[B]onds, convertible bonds and every other financial security is, among other things, a contract.

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

They would not be securities were that not so. These instruments are implicitly and inherently futures instruments in a real sense of the term." (See Final Office Action, page 16) From this and other statements in the Office Action, it appears that the Examiner does not recognize or at least properly read the claims in the context within which they are stated. Applicant is not merely claiming any type of contract but instead a "futures contract" that has a specific meaning in the context of the claims. The claims that are fully supported by the Specification.

While it is not seen as necessary to enter into a detailed discussion of contract law Applicant respectfully submits as sufficient that the financial instruments mentioned by the Examiner having various conditions and placing various obligations (if any) on the issuing/holding/trading/buying parties may or may not be a "contract", as generally defined under the law. More particularly, the securities recited in the claims (e.g., forward contract, note, contingent convertible debt instrument, and purchase contract) each refer to a specific type of security and are not referred to as contracts by those skilled in the relevant arts.

Regarding Birle, Applicant respectfully reiterates that Birle discloses a convertible bond, some embodiments including contingent payments. In the background thereof, Birle discusses "a common financial instrument" – a bond. As disclosed, a bond contains language indicative of a principal amount, and indicative of a borrower's obligation to repay to repay the principal at some future time. (Birle, paragraph [0003]) Thus, it is clear that the bond discussed in Birle is a debt instrument that itself contains or defines the obligations provided by the bond.

Birle further states that "convertible bonds," are instruments which have some of the qualities of bonds as well as some of the qualities of stock. A convertible bond is a bond which can be converted by its holder into a number of shares of equity, the number being a fixed number or being determined by a formula." (Birle, paragraph [0005]) That is, a convertible provides the bondholder with the option to exchange the bond for other securities (e.g., an underlying or issuing company's stock) at some future date, under conditions prescribed by the convertible bond.

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

Applicant respectfully notes that the terms and provisions of the convertible bond, like the conventional bond, are contained or indicated by the bond itself.

Birle does not disclose or suggest a bond or convertible bond is a forward contract. A forward contract, as well understood by those skilled in the relevant arts of finance, is not the same as or suggestive of a bond, convertible or otherwise. As stated in Applicant's specification, a forward contract includes terms obligating the holder to pay an amount (the "settlement price") to issuer at a particular date (the "settlement date") in exchange for a variable number of shares of stock of issuer. The forward contract specifies that holder is to receive an amount of stock of the issuer that initially (e.g., as of the "issue date" of the unit) has a value equal to the settlement price. (Specification, paragraph [0017]) Thus, consistent with the meaning of a "forward contract" within the art, the holder pays the issuer an amount ("settlement price") at some point in the future ("settlement date") upon delivery, according to the terms of the forward contract. A forward contract is an agreement to trade in the future, under the conditions provided by the forward contract.

The Office Action states that Barron's "discloses convertible bonds are issued as a unit. Accordingly, an ordinary practitioner ... would have found it obvious to have known that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond. As such, it would have been obvious for such practitioner to have combined the art of Birle with the art of Barron's Financial Dictionary in order to issue units to holders which contain a forward contract with a securing note and a conversion privilege for such note to be converted by holder to issuer's stock under certain conditions at holder's option, motivated by an opportunity to benefit issuer's, holders, capital markets and the general public" (See Final Office Action, pages 3 – 4).

While the Office Action has articulated some motivation for combining the cited references, it remains clear that the cited and relied upon Birle and Barron's do not disclose or suggest all of that for which they were cited and relied upon for disclosing and suggesting.

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

In particular, Barron's Financial Dictionary defines a unit as, "3. more than one class of securities traded together; one common share and one subscription warrant might sell as a unit, for example.; 4. In primary and secondary distributions of securities, one share of stock or one bond." That is, Barron's discloses a unit a one share of stock or one bond; and more than one class of securities traded together. At no point does Barron's disclose or suggest a unit be defined as claimed by Applicant. That is, Barron's fails to disclose or suggest the claimed unit of a forward contract and a note (claims 1 and 33); a forward contract and a contingent convertible debt instrument (claim 22 and 32); a purchase contract and a note (claim 25); and a forward contract and a convertible debt instrument (claim 30). Barron's only example of a unit including more than one class of securities is a common share and a subscription warrant. Neither a common share nor a subscription warrant is claimed in the pending independent claims. Barron's common share and a subscription warrant are not the same as nor implicitly and/or inherently the same as or suggestive of the types of securities recited in the claims.

Exception is taken with the Examiner's statement that "an ordinary practitioner ... would have found it obvious to have known that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond". In particular, the alleged "convertible bond" is not that which is claimed by Applicant. Applicant does not refer to the recited unit as a convertible bond. A convertible bond is a specific type of security instrument, as is understood by those skilled in the relevant arts. Furthermore, Barron's does not disclose or suggest the alleged "convertible bond", as concluded by the Examiner. The definitions provided by Barron's for a unit are clear, limited, and do not include or suggest the specific "unit" recited by Applicant.

Again, Birle fails to disclose a forward contract, it merely discloses a bond (as cited and relied upon). Therefore, Applicant respectfully submits that even if the bonds of Birle and the definition of a unit as defined by the cited and relied upon Barron's were combined (not admitted as feasible by Applicant), the combination would not render

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

claims 1, 22, 25, 30, 32, and 33 obvious under 35 USC 103(a). Claims 2-12, 14, 20, and 21 depend from claim 1; claims 23 and 24 depend from claim 22.

Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 1-12, 14, 20, and 21-24 under 35 USC 103(a).

Claim 13 was rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of King et al. (hereinafter, King). This rejection is respectfully traversed.

Inasmuch as Birle and Barron's do not disclose that for which they were cited and relied upon for disclosing as discussed and clearly shown hereinabove, the combination of same with King is insufficient to reject claim 13. Therefore, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claim 13 under 35 USC 103(a).

Claims 15 - 19 were rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of Daughtery et al. (hereinafter, Daughtery). This rejection is respectfully traversed.

For at least the reasons provided above, Applicant respectfully submits that Birle and Barron's do not disclose that for which they were cited and relied upon for disclosing. Therefore, the combination of Birle, Barron's and Daughtery is insufficient to reject claims 15-19. Therefore, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 15-19 under 35 USC 103(a).

Claims 25 - 29 and 31 were rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of Daughtery and Marlowe-Noren. This rejection is respectfully traversed.

For at least the reasons provided above, Applicant respectfully submits that Birle and Barron's do not disclose that for which they were cited and relied upon for disclosing. Therefore, the combination of Birle, Barron's, Daughtery, and Marlowe-Noren is insufficient to reject claims 25-29 and 31. Therefore, Applicant respectfully

**Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action**

requests the reconsideration and withdrawal of the rejection of claims 25-29 and 31 under 35 USC 103(a).

Claims 32 and 33 were rejected under 35 USC 103(a) as being disclosed by Birle in view of Green et al. (hereinafter, Green) and in further in view of Barron's. This rejection is respectfully traversed.

For at least the reasons provided above, Applicant respectfully submits that Birle and Barron's do not disclose that for which they were cited and relied upon for disclosing. Therefore, the combination of Birle, Green, and Barron's is insufficient to reject claims 32 and 33. Therefore, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 32 and 33 under 35 USC 103(a).

Application Serial No.: 10/707,491  
Amendment and Response to July 14, 2005 Final Office Action

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SEP 14 2006

**CONCLUSION**

Accordingly, Applicants respectfully request allowance of the pending claims 1-33. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at (203) 972-5985.

Respectfully submitted,

September 14, 2006  
Date



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